

Understanding Taxes



Theme 3: Fairness in Taxes



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“*The taxpayer—that’s someone who works for the federal government but doesn’t have to take the civil service examination.*”

– *President Ronald Reagan*





Fairness and Taxation





How to Measure Tax Fairness

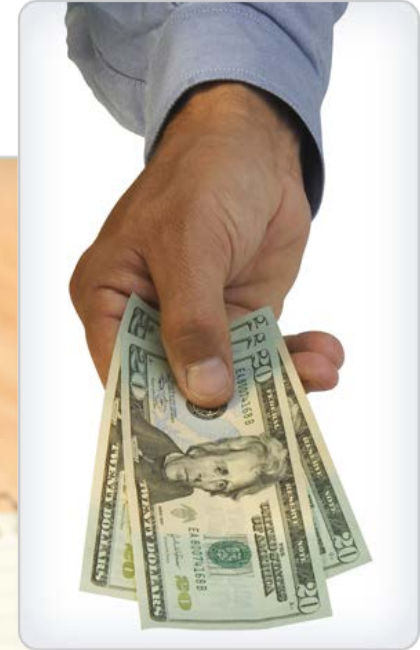
- Ability to Pay
- Benefits Received





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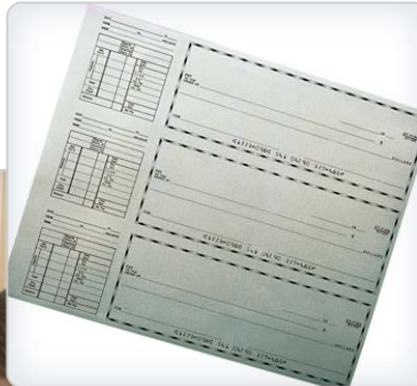
Ability to Pay





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Taxes and Benefits Received





Regressive Taxes

Everyone pays the same fixed amount





User Fees

- Fund public services





Progressive Taxes

Higher Income = Higher Taxes





Tax Brackets

Approximate U.S. Tax Brackets - 2013	
Single Taxpayer	Rate
\$0 - \$9,075	10%
\$9,076 - \$36,900	15%
\$36,901 - \$89,350	25%
\$89,351 - \$186,350	28%
\$186,351 - \$405,100	33%
\$405,101 - \$406,750	35%
Over \$406,750	39.6%



Wealth and Income

- Wealth: houses, cars, stocks, savings
- Income: wages, interest





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Proportional Tax



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FICA & Social Security





Sales Tax Holiday

July						
Mo	Tu	We	Th	Fr	Sa	Su
						01
05	06	07	08	09	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November						
Mo	Tu	We	Th	Fr	Sa	Su
						01
08	09	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
Mo	Tu	We	Th	Fr	Sa	Su
						01
06	07	08	09	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Tax-Free Holiday						
Mo	Tu	We	Th	Fr	Sa	Su
						01
	01	02	03	04	05	06
06	07	08	09	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

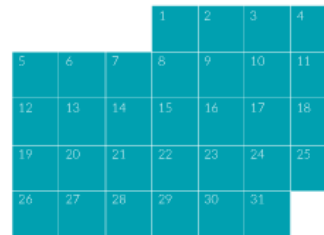


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Fairness in taxes

Tax Freedom Day

January



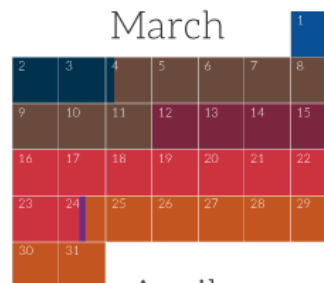
Federal Income Tax
33 Days

February



Social Insurance
Taxes 27 Days

March



Fed. Excise Taxes
2 Days

Fed. Corporate
Income Taxes 8 Days

Other Fed.
Taxes 4 Days

State/Local Income
Taxes 9 Days

State/Local Social
Insurance Taxes
3 hours

April



Sales and Excise
Taxes 13 Days

Property Taxes
11 Days

State/Local
Corporate Income
Taxes 1 Days

Other State/Local
Taxes 3 Days

April 21

Tax Freedom Day

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Taxes

